

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Cost Savings Effected - Discounts Taken

FROM:

EXTENSION

NO.

 Deputy Director of Finance
 1212 Key Bldg.

DATE

9 July 1981

STAT

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1.

 Chairman, CORE Working Grp.
 2C02

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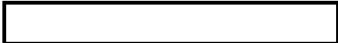
15.

OL 1 2899

9 July 1981

MEMORANDUM FOR: Chairman, CORE Working Group

FROM:


Deputy Director of Finance

SUBJECT: Cost Savings Effected - Discounts
Taken

1. Our records indicate that we have taken advantage of discounts offered during FY 80 and FY 81 as follows:

<u>FY</u>	<u>Amount</u>
1980	\$234,400
1981 (through 30 June 1981)	\$220,600

Records reflecting discounts taken during FY 79 are no longer available; however, by averaging the above amounts it would appear reasonable to project savings for FY 79 at \$260,000 (\$234,400 plus \$220,600 equals \$455,000 divided by 21 equals \$21,667 times 12 equals \$260,000) and report an estimated savings of \$715,000 for the period 1 October 1978 through 30 June 1981 or actual savings of \$455,000 for the period 1 October 1979 through 30 June 1981.

2. Based on the above, it would appear wise to delete the GDP entry of \$110,000 identified as "Prompt Payment Discount" and substitute in the finance portion of your presentation the following, which can be documented: Many manufacturers and vendors offer discounts for prompt payment of their invoices. Savings realized as a result of taking advantage of discounts offered totaled \$455,000 during the period 1 October 1979 through 30 June 1981.

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Discounts Taken

ADMINISTRATIVE — INTERNAL USE ONLY

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Acquisition of Web Press

The Printing and Photography Division installed a web offset printing press in January of 1980. Utilization of this press saves the Press Branch one man-year for each year it is used. This device also makes improved quality and decreased job turnaround possible; and because the web press uses roll paper rather than cut sheets, selected paper costs are reduced as much as forty percent. \$86,000 has been saved since the installation of the web press. This is a combined labor and materials savings figure.

\$86,500

Muller-Martini Saddle Gatherer

This piece of bindery equipment supports the operation of the web press by providing an improved means of finishing (collating, stitching, trimming) the web's output. This machine reduces book finishing time by a third. A labor savings worth of \$10,125 has resulted from the installation of this machine in February of 1980.

\$10,125

Press Comments Format Change

The format of the Press Comments publication was changed from 8 x 12 1/2 inches to 8 x 10 1/2 inches in October 1980. This has allowed the Press Comments to be printed on the web press, thereby saving three hours each in the Press and Bindery Branches on each of the four days that the publication is produced. Utilizing the web press also effects a forty percent paper savings as a result of the smaller page size and the use of less expensive roll paper. This change in format has resulted in \$13,000 in manpower savings, and \$6,000 in materials savings.

\$19,000

ETECs Full Page Composition

Selected National Foreign Assessment Center (NFAC) publications are currently undergoing automated full page makeup through the improved utilization of the ETEC System by the Printing and Photography Division (P&PD). This results in the savings of one man-year for NFAC. P&PD's Composing Branch must expend a portion of this saved man-year; however, there is still a net manpower savings, and product quality and throughput are significantly improved.

\$14,000

Directorate of Operations Technical Manual Duplication

The Printing and Photography Division (P&PD) is involved in the reproduction of technical manuals for a component of the Directorate of Operations (DO). Until recently, this reproduction service was performed using costly and time-consuming photographic processes. A reevaluation of the project and available equipment led to the development of a system which dramatically reduced the cost of supporting this activity. By substituting xerography for photography, it has become possible to produce some 60,000 original documents per year for \$135,000, as opposed to a projected \$2,100,000. This almost \$2,000,000 is predominantly a DO saving as they were supported by P&PD on a reimbursesable basis. \$5,400,000 has been saved by converting from a photographic to a xerographic production process. This figure represents labor and material savings.

\$5,400,000

Electric Powered Centrifugal Chiller

STAT The recent (May 81) replacement of the steam powered
absorption chiller at with an electric powered
centrifugal chiller for air conditioning saves an estimated
\$277 per hour at full load operation. In the course of one year,
this will reflect an overall savings of up to \$598,000.

\$598,000

Negotiated Savings

Negotiated savings for the period 1 October 1978 - May 1981
amount to \$5,500,000.

\$5,500,000

The National Photographic Interpretation Center

The ADP & Engineering Branch-directed National Interpretation Center revalidation study resulted in system life savings of approximately \$4,000,000.

\$4,000,000

Automated Interface of Contract Information System
with the General Accounting System

It is estimated that the automated interface of the Contract Information System (CONIF) and the General Accounting System (GAS) has saved the Offices of Finance and Logistics 1.5 man-years at the GS-06 level.

\$21,000

Centralization of Contract Information System

As a result of the 1977 centralization of the Contract Information System (CONIF), a savings of employees at the GS-06 level was realized and amounts to \$42,000 per year.

STATT

\$98,000

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Approved For Release 2006/10/17 : CIA-RDP87-01146R000200030029-7

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Approved For Release 2006/10/17 : CIA-RDP87-01146R000200030029-7

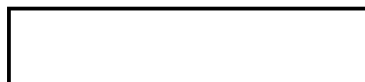
Forktruck Mounted Direct-Readout Scale

The Preservation and Packaging Section of the has installed one and ordered two more electronic direct-readout type scales that mount integrally on forks of lift truck. This speeds up packaging operation by permitting scale to be taken to the job instead of vice versa, and virtually eliminates scale queue up. The estimated saving is half a man-year at the rates of \$10.00 per hour.

STAT

\$10,400

STAT



STAT

Cost analyses of flight cargo shipping cost since start of this route indicate that a saving of between .40 and .50 per pound is realized over the equivalent average charges if cargo were to be sent by commercial/military means. Many other distinct advantages exist through use that cannot be readily factored in (minimum packing required for shipments resulting in heavier net payloads, etc.) Using lowest average saving per pound for estimating purpose...

250,000 lbs. shipped per year

 x .40 per lbs. saving

\$100,000

Material Cost Savings

Whenever practicable, fiberboard has been substituted for the more expensive lumber and plywood utilized in cargo preparation. The yearly saving amounts to \$10,400.

The updating of the INSTAPAK Machine has enabled use of a larger chemical reservoir and has resulted in a 10 percent reduction in average unit price per lb. of chemicals.

\$15,984 Total price of chemicals 1980

x .10

\$ 1,598

\$11,998

Elimination of Logistics Services Division Budget
Item of \$50,000 for a Mini-Computer

INFO, a data base management system which enables the building of small, easy-to-use data bases, has been installed under CMS software. This package will be used to automate current manual operations, such as the recording of Property Pass information and the tracking of LSD work orders, and will reduce the time required to run the CRAMS (Agency Space) project.

FY 80 LSD budget item for	
minicomputer for LSD	
requirements	\$50,000

OL 1/4 portion of \$20,000	
cost for CMS version of INFO	
package	<u>\$ 5,000</u>

\$45,000

Extensive Use of U.S. Government Excess Property Lists

STAT In 1979, [] obtained airborne equipment repre-
senting a cost avoidance of \$70,000. In 1980, [] STAT
STAT obtained [] in the amount of
\$40,000, from Government excess property lists. The estimate for
1981 and through the next several years is expected to continue
STAT at the \$200,000 level []
[] which represents a substantial
savings through cost avoidance.

Additional property was acquired through Supply Division, at
the request of various Headquarters elements, from Government
excess property lists, totalling \$155,449 for 1980. To date in
1981, the Agency has obtained \$11,924 of property from other
Agency excess lists.

\$277,373

Printing Plant Consolidation

The Special Printing Plant, located in Room GJ-56 Headquarters, was merged with the Main Printing Plant on 1 July of 1979. This consolidation resulted in the elimination of positions, the saving of 2,400 square feet of floor space, and equipment and supply cost avoidance of over \$300,000. Significant unquantifiable benefits relating to the functional efficiencies that resulted from operating one plant rather than two should also be noted. \$532,000 has been saved since plant consolidation. Of this figure, \$392,000 results from manpower savings and \$40,000 was saved as a result of the turn-in of 2400 square feet of space.

STAT

\$532,000

No Cost Maintenance by the Corps of Engineers Reserve Unit

Utilization of reserve units of the Corps of Engineers to complete annual engineering projects at [] is expected to represent a cost avoidance for FY-81 of \$75,000. [] projects this arrangement will continue over the next several years as part of a training program for the Corps of Engineers.

STAT

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\$75,000

Contract Information System (CONIF)
On-Line Retirement Procedures

On-line retirement procedures were implemented to keep the Contract Information System (CONIF) database free of settled contracts. This reduced the database holdings by 50 percent and the processing time for queries by at least 50 percent. With room in memory for more storage and a more manageable database, it will not be necessary to acquire a new system which might cost \$200,000 to \$300,000.

\$200,000 - \$300,000

Deferred Replacement of Forktrucks

Improvement in forktruck maintenance, etc., has warranted extension of usable life beyond former ten-year period without impairment of efficiency or service. Consequently, replacement of four units in 1981 and six units in 1982 has been cancelled and, instead, a maximum of five units is planned for replacement in 1983. Units have an approximate replacement value of \$25,000 each.

4 x 6 = 10 x \$25,000 = \$250,000 ('81 & '82 cancelled)

less 5 x \$25,000 = 125,000 ('83 planned)

\$125,000 (net saving during
3-yr. period)

\$41,333

Forktruck Operation and Maintenance

The continuing program for forktruck economy has been paying off gradually.

The reduction of eight units in our operating complement has reduced the contract maintenance charge by \$100/unit/month.

$$\$100 \times 8 \times 12 = \$9,600$$

Improvement in the operation of the units over the past few years through the installation of battery charging meters on the trucks to control charging rates has resulted in an average of two less charging units per year required at a cost of \$800 each.

\$800 price of charging unit

x 2 number of units reduced

\$1,600

\$11,200

